ELECTRONIC PAYMENTS

INTRODUCTION

The Department of Revenue implemented an Electronic Payment System in 2002 as a method to facilitate collections and to meet the growing need of taxpayers.

February 2002

Taxpayers were allowed to pay their timely current year Individual Income tax through the internet with Visa or Master Card

May 2002

Taxpayers were allowed to pay an outstanding bill with a Visa or Master Card by contacting the Department of Revenue and providing the necessary information.

October 2003

The Department of Revenue began accepting Electronic Checks. A pilot group of taxpayers started Sales Tax on-line filing

December 2003

Sales tax on-line filing allowed for all taxpayers.

The following statistics between February 1, 2002 and June 30, 2005 reveal the success of this program:

- **49,394** electronic payment transactions
- Master Card and Visa payments **$4,305,287.68**
- E-Check/ ACH Debit payments **$125,777,346.51**
- Total electronic payments **$130,082,634.19**

Currently, electronic payments can be processed using Visa, Master Card or ACH DEBIT. Taxpayers must contact The Department of Revenue to pay by one of these options with the exception of current year Individual Income tax or e-payments when Sales Tax, Utility Gross Receipts Tax and Telecommunication Tax returns are filed on-line which taxpayers can do on the internet.

OVERVIEW

Access to the Intranet portion of the Electronic Payment System is maintained by The Department of Revenue Common. Three roles (levels of access) have been identified:

- **Viewer**- will be able to search for payments and view payment details only. Will not be able to enter payments.

- **Payment Acceptor**-will be able to accept and enter payments, and will be able to change or delete those payments before they are submitted for authorization. Will also have abilities of the **Viewer**.

- **Worklist Worker**-will be able to process items appearing on the worklist. Will also have abilities of **Viewer** and **Payment Acceptor**. Certain individuals in the Division of Collections and Compliance and Taxpayer Assistance have been identified as Worklist Workers.

Roles of access should be noted on the security computer access form (Authorization to Access Department of Revenue Confidential Computer Information) which is available on **KREW**.

The Electronic Payment System is accessed through **KREW** (select E-Payments).
Upon entering the **E-PAYMENTS** screen there are four selections: **ENTER PAYMENT, MAINTAIN PAYMENT, SEARCH**, **WORKLIST /REPORTS**. Once entered in **E-PAYMENTS**, users will be working through the **INTRANET**.
It is important to understand that taxpayers only have admission to the **INTERNET** and only have the enter payment option. They do not see the Maintain Payment, Search Payment, or Work List tabs.

To move from screen to screen use the **continue (**on first page**) or back** buttons at the bottom of the screen. Following are instructions and tips for each option.

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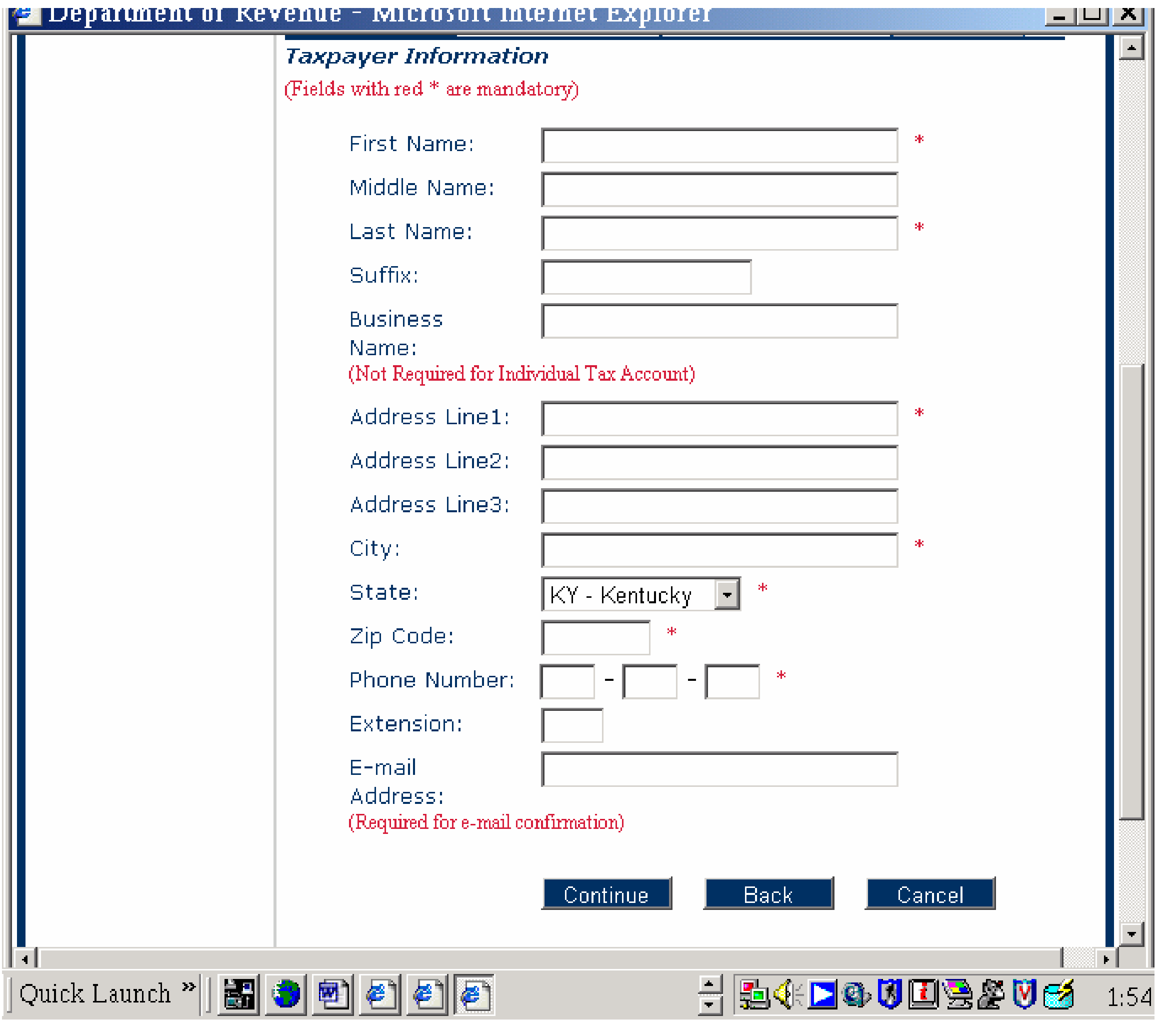
ENTER PAYMENT

On the first screen the Enter Payment tab is highlighted, choose the **continue** button to proceed.

Complete the taxpayer information. Fields required on this screen have a red asterisk*. If the e-mail address is entered the taxpayer will receive an e-mail payment confirmation. Also, the taxpayer may receive notice of other issues, such as a denied credit card.

You should always use the case number (instead of notice # or type tax and account #) when processing a payment, unless there is a specific reason not to. Exceptions may be waiving penalty or fees and applying payment to tax and interest only. By entering the case number, the payment will be processed using the same guidelines as money received through the mail. Also, this should prevent overpayments on bills.



Demographic Screen

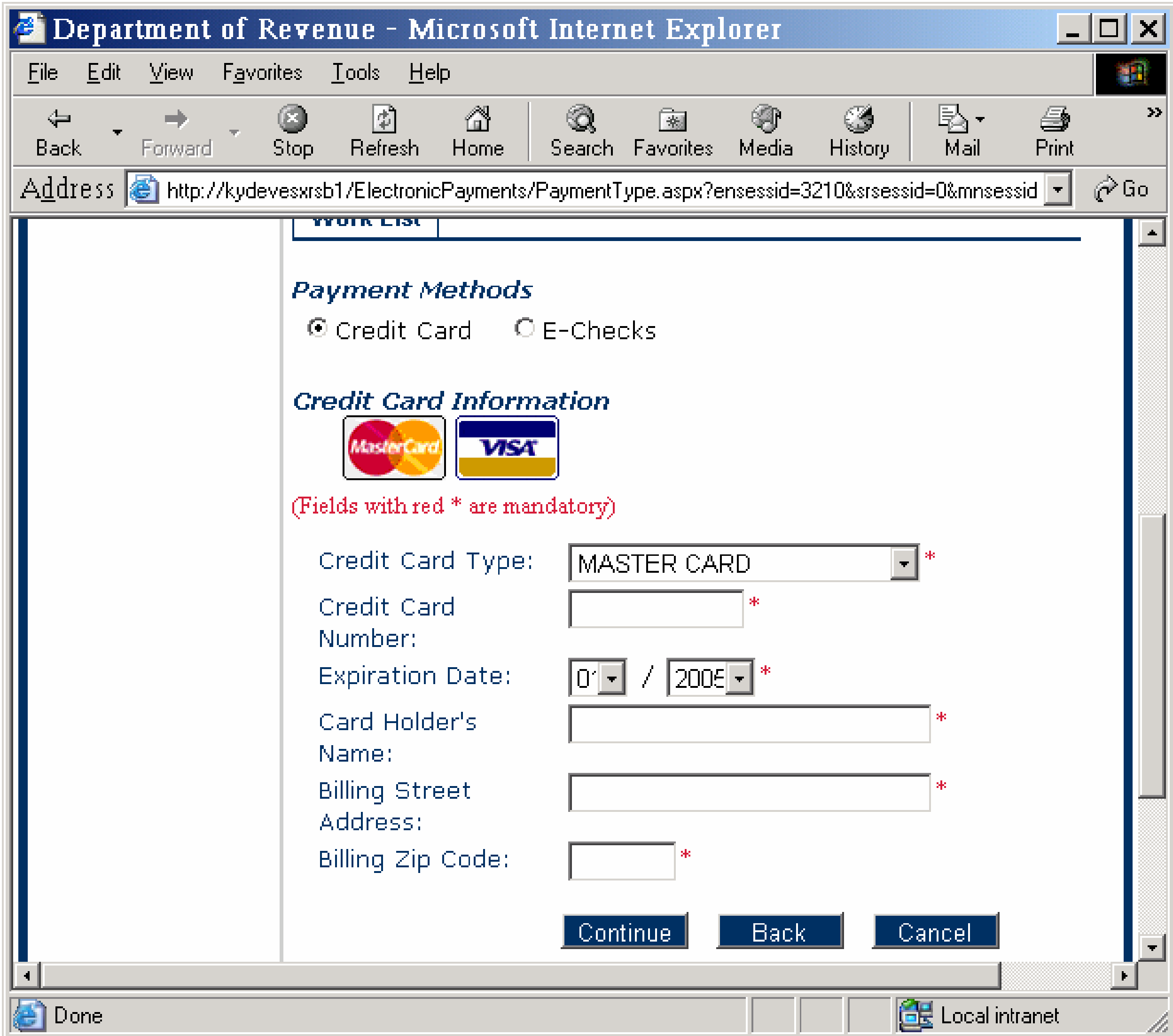
Once the demographic screen is finished, click on **continue** and choose either **Credit Card or E-Check.**

CREDIT CARD

- Choose Visa or Master Card
- Enter the 16 digit credit card number (read it back to taxpayer for verification)
- Enter expiration date
- Enter credit card holders name, billing address and zip code (may be different from demographic screen)
- Payment by credit card is verified against the credit limit and denied if funds are not available
- Debit and credit cards are assessed a convenience fee.
- These fees are:
  2.50% to pay a bill
  2.0% to pay a business tax return (**SALES, UGRL AND TELECOM TAX**)
  NO FEE for timely paying individual income tax, but this feature is not available after tax filing season.

Remember, debit cards incur the same 2.5% convenience fee as credit cards. It is to the taxpayers' advantage to process an E-Check instead of a debit card.

- Credit and debit card payments can be credited back to the appropriate card at any time. In this instance, e-mail Susan Neasham or Yvonne Jackson with pertinent information to request the credit.



Payment Method Screen

Credit Card Payment Processing

Credit card payments are normally posted to CARS bills and DOR tax systems within three business days. Once a credit card payment is submitted, an independent credit card Gateway Company (LINK2GOV) will authenticate the credit card number, expiration date, and credit card billing address and zip code. They will also verify that funds are available and capture those funds. This only takes a few seconds, and the user receives a message stating that the transaction has been approved or denied. An authorization number is provided for an approved transaction. The transaction status is then shown as **Approved**.

Link2GOV downloads a batch once a day and transmits a file to Concord, a credit card processing company. Concord then approves the transaction. The next night LINK2GOV sends DOR a file listing the credit card transactions that have been funded (money has been deposited into our bank account). When this file is received the transaction status code is changed to **Reconciled**.

Our bank sends a tape to Treasury showing the amount of money deposited. Treasury then sends us a "green-bar" report showing the deposit. At that time the transaction status code is changed to **Applied**. CARS and the tax systems are updated by batch processes.

Payments are applied in the following manner:

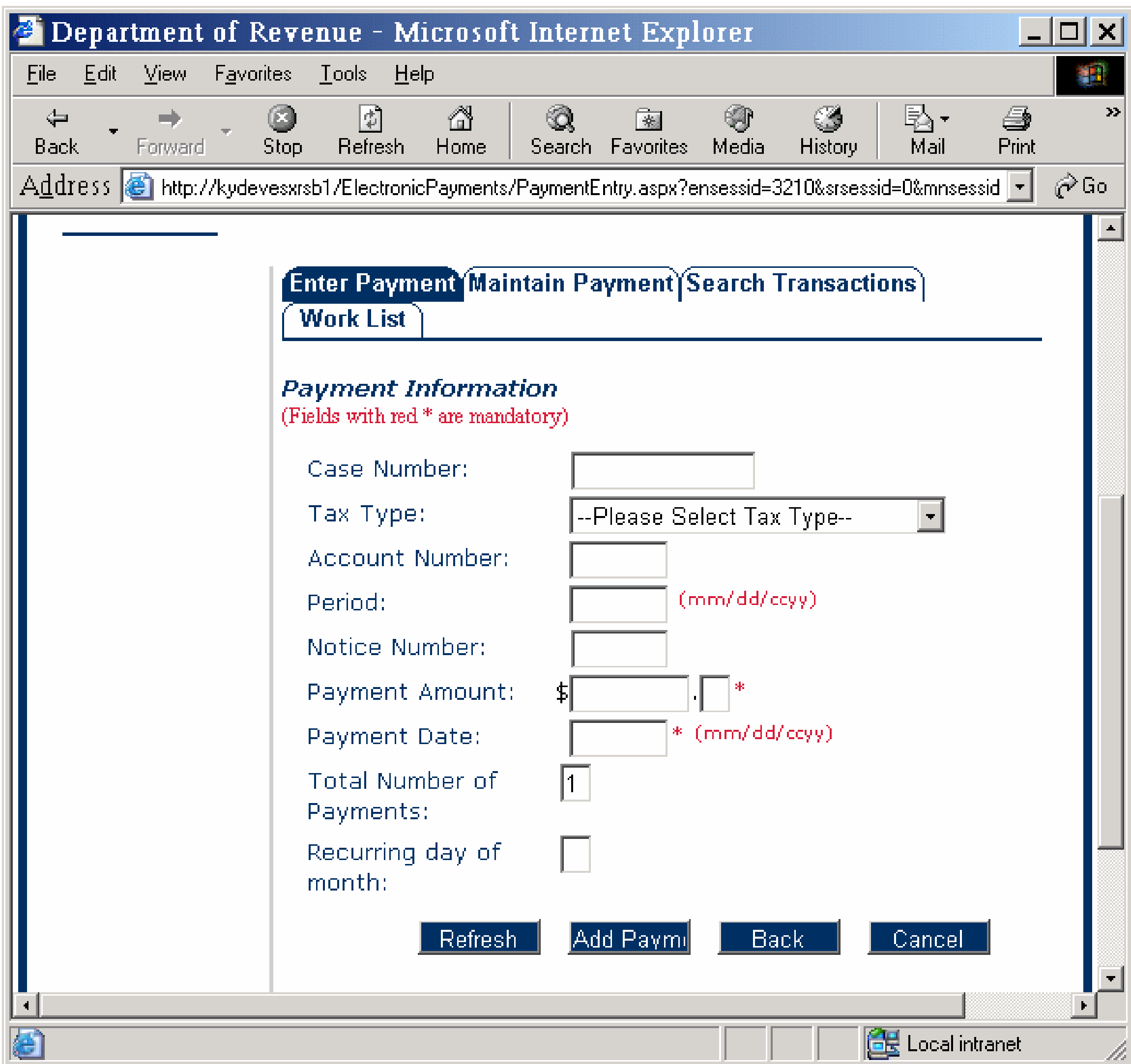
- If case number is selected, do not use tax type, account number, period or notice number. **ALWAYS USE CASE NUMBER WHEN POSSIBLE**.
- If a notice number is entered the entire amount of that line is applied to the designated notice number
- If a notice number is not entered, but an account number and period are entered, the entire amount of that line is applied to the notice(s) for that account and period.
- If only an account number is entered, or only a case number is entered (notice and period are left blank) money will first be applied to the oldest CARS bill for that amount, then the next oldest, etc, until the entire amount has been used.

To continue with payment click **continue.** Enter the payment information. Again, required fields will be noted with a red asterisk *.

If case number is selected, do not use tax type, account number, period or notice number.

If notice number is selected, does not use tax type, account number, period or case number.

If tax type and account number and period are selected, do not use case number or notice number.



Payment Information Screen

Select payment amount and payment date (current or future) and click **add payment.**

Payment detail will appear. To proceed click on **continue**.

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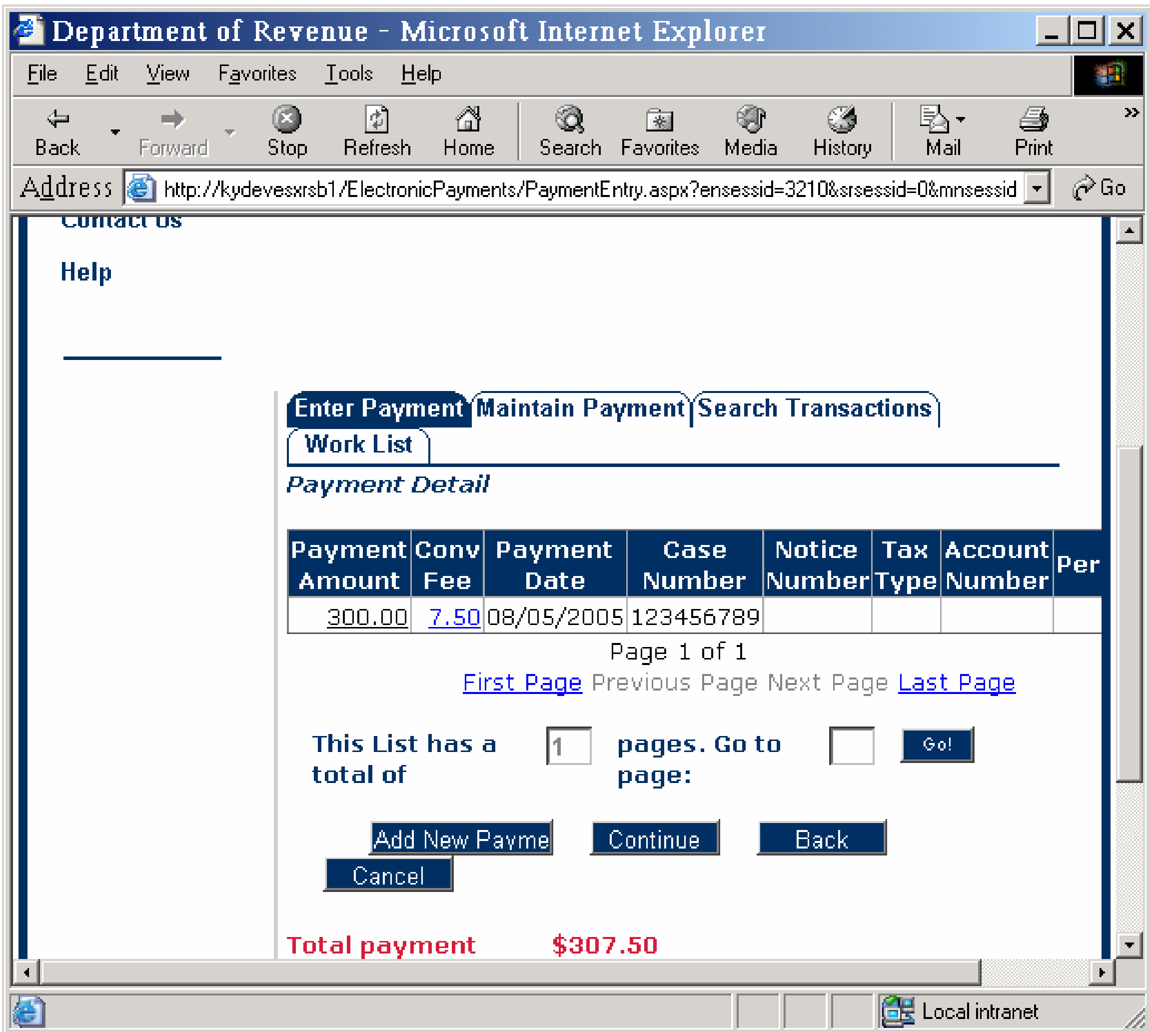


Payment Detail Screen

EDIT PAYMENT

Choose this option if changes need to be made to previously entered information of payment type or date.
Clicking on this button takes you to the payment detail information screen. At this point you can add new payment, continue, back or cancel.

PRINT PAGE

Access this button if you need to print this screen

Accept Payment

Click accept payment to complete the transaction. **Do not click accept payment twice.** This will create two payments.

When a credit card or E-check payment is submitted and approved for a timely payment, the user will receive three authorizations:

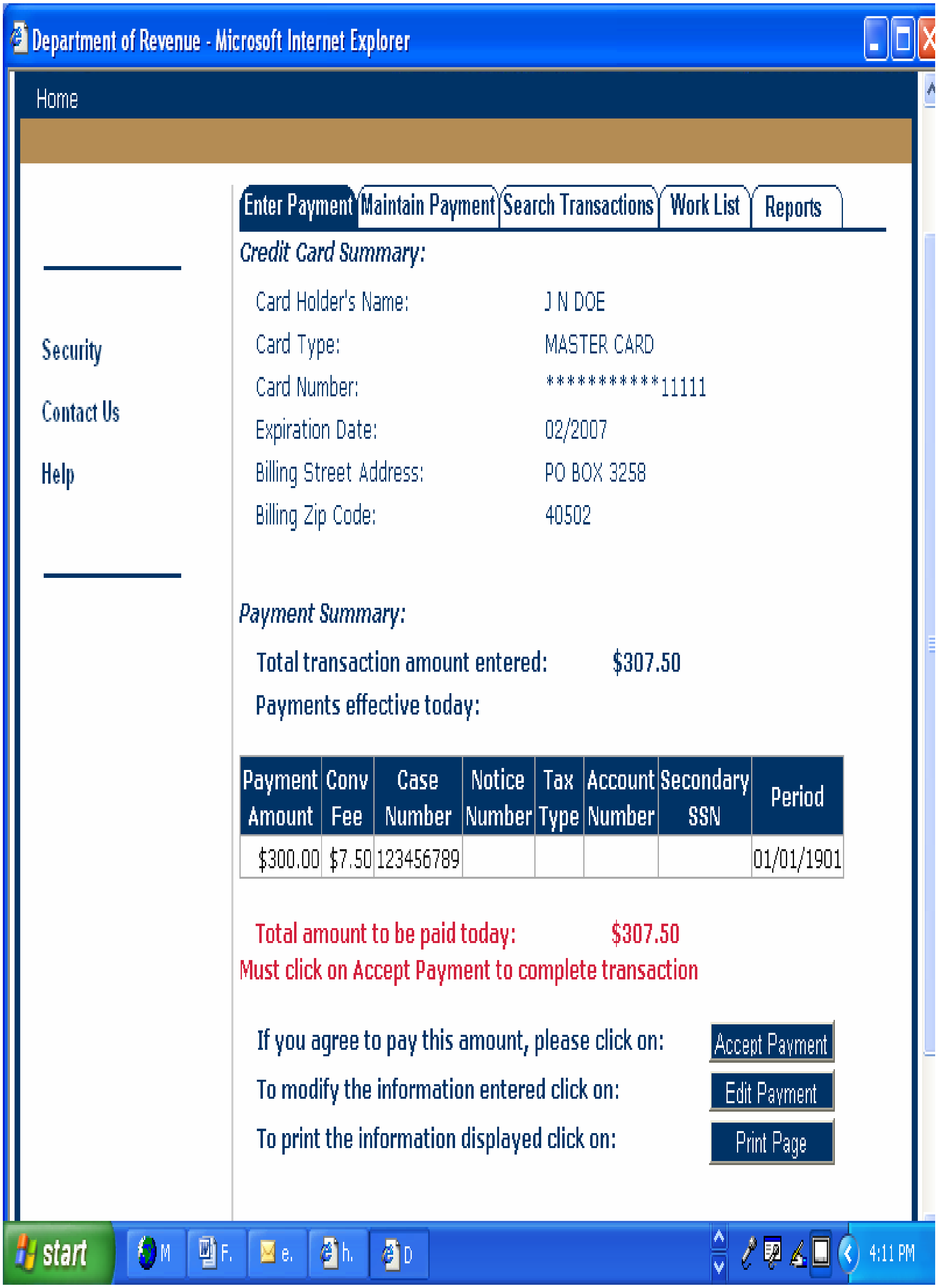
- **Authorization Code**- all numbers for credit card and "ck" before numbers for E-check
- **Payment Identifier Number-**per transaction, will stay the same throughout the transaction. An example: the same payment identifier for recurring payments no matter how many payments.
- **Payment Locator Number**- A different number per payment. Each payment in a recurring plan will have a different locator.

When a credit card or E-Check payment is submitted for a future payment date, only the Payment Identifier number is given on the summary screen (accept payment screen). Future payments do not receive an Authorization Code or a Payment Locator.

Electronic Payments processed (credit card and E-Check) will be assigned validating numbers 9800000-9999999. ***All Electronic Payment validating numbers start with a" 9" but not all "9" validating numbers are Electronic payments***

PLEASE make notes on the OSCAR primary screen note line or CARS comments that an E-Pay has been processed with Payment Identifier Number and date.

Update demographic information in OSCAR or CARS also as needed.



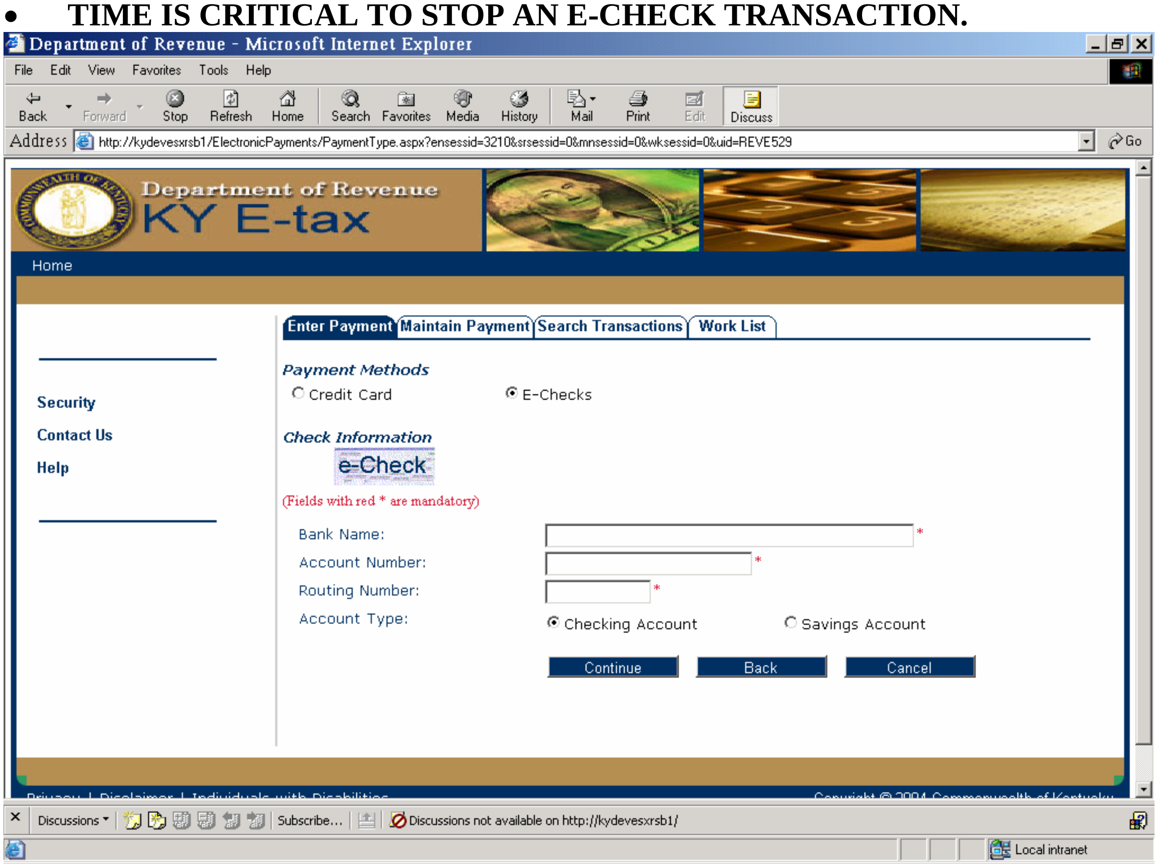
Payment Summary Screen

E-CHECK

Complete the taxpayer demographic information. As with credit cards, the required fields on this screen have a red asterisk*. Also, if the e-mail address is entered the taxpayer will receive an e-mail payment confirmation.
The information entered should be the same information on the checking account being used for the E-Check payment.

Click **continue** to proceed.

- Enter Bank or Financial Institute name
- Enter account number **must be 5 digits**. (read it back to the taxpayer for verification)
- Enter routing number **must be 9 digits** (read it back to the taxpayer for verification)
- Choose appropriate radio button, checking or savings account
- There is **NO** convenience fee
- In contrast to credit cards, the only thing verified is the validity of the routing number. If sufficient funds are not available to pay an E-Check the taxpayer will be subject to associated cold check fees, just as a paper check. It will show on the database until removed as a returned check.
- Submitted E-Check payments with a current date **CAN NOT BE MAINTENANCED**. However, if the need arises to stop a payment, it **MAY** be stopped (on the same day only) provided the payment file has not been downloaded. If this situation occurs, contact your Susan Neasham, Yvonne Jackson or Jim Wash.
- **TIME IS CRITICAL TO STOP AN E-CHECK TRANSACTION.**

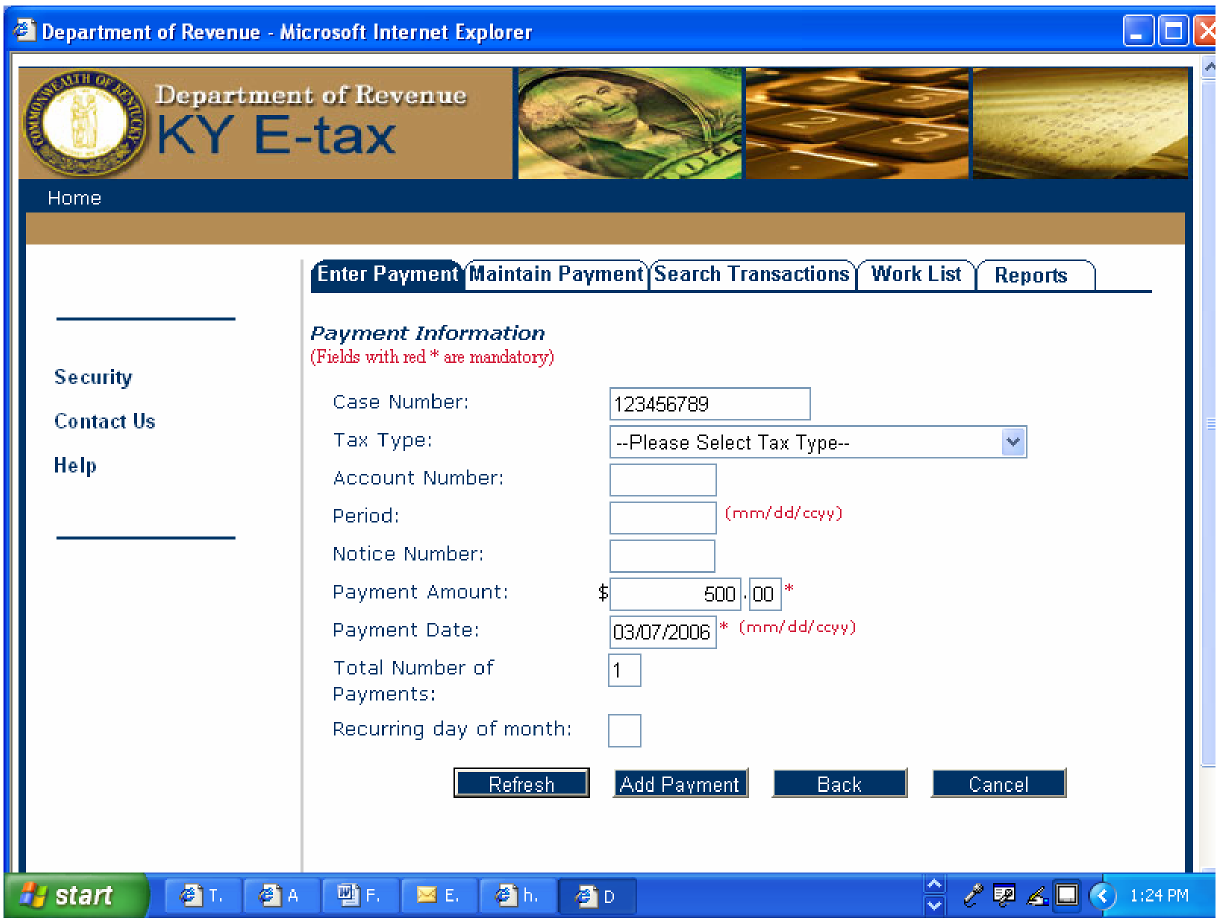


When you complete the payment choice click **continue.** Enter the payment information. Again, required fields will be noted with a red asterisk *.

Select payment amount and payment date (current or future) and click **add payment** Payment detail information will appear. To proceed click on **continue** or to add a new payment, for same taxpayer using same payment source, click on add **new payment.**

When adding a new payment, only complete the payment information. The demographics and payment type are retained. Once the new payment is entered the payment detail screen will appear again.

Click **continue** to complete transaction and receive authorization.



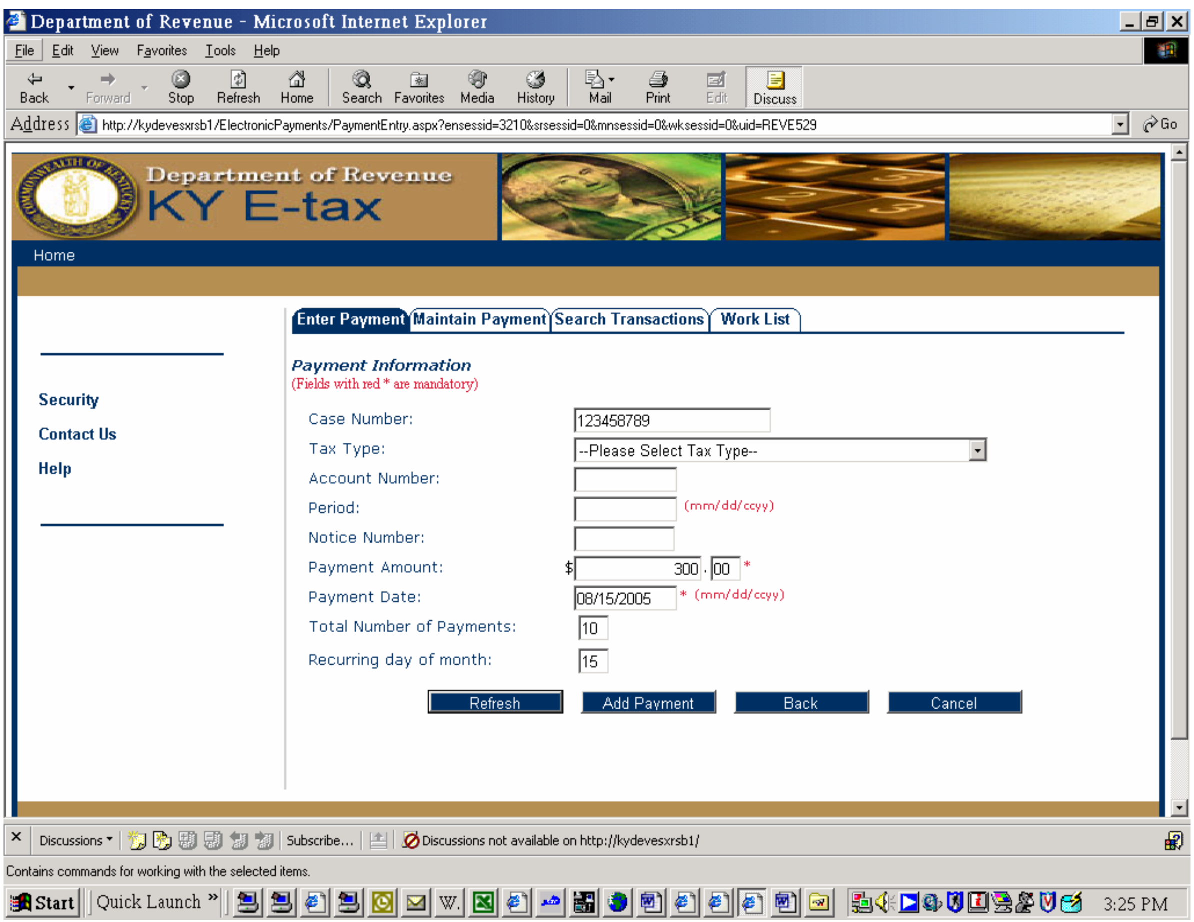
Payment Detail Screen

RECURRING PAYMENTS

Multiple or recurring payment (Pay Agreement) must be for the same dollar amount and the same draft day each month. The only variation is the first initial payment. This payment can be on a different draft date.

To process a recurring payment, enter the demographic information and type of payment detail.

- Enter either case number, tax type and account number or notice number. **The case number is always preferred.**
- Enter payment amount
- Enter payment date
- Total number of payments
- Recurring day of the month



Remember to include the initial payment in the total number of Payments

Click **add payment** to complete payment process.   The payment detail screen will appear. Once payment information has been verified, click continue to complete.

You will see in red **MUST CLICK ACCEPT PAYMENT TO COMPLETE TRANSACTION**

CLICK ACCEPT PAYMENT

If payment has a current date, an Authorization Number, Payment Locator Number and Payment Identifier Number will be provided. These numbers should be provided to the taxpayer and recorded in OSCAR history text or CARS notes if there is not an OSCAR case.

If the payment is for a future date, only the Payment Identifier will be provided.

If the need should arise to locate this payment it can only be found on the Maintain Payment screen until the payment is processed. On or after the date of payment this transaction is transferred to the Search Screen.

The pay agreement terms must be entered in OSCAR or CARS along with the Payment Identifier and/ or Authorization Code and Payment Locator Number (PLN). The E-Pay pay agreement letter must be requested also. **PLEASE make notes on the OSCAR primary screen note line or CARS comments that an E-Pay has been processed with Payment Identifier Number and date. Remember to send the E-Pay pay agreement letter.**

Update demographic information in OSCAR or CARS also as needed. An example would include cell phone numbers, new address or home phone.

If the system goes down or you do not receive confirmation of payment, **do not enter payment information more than once.**

Tell the taxpayer confirmation was not received, secure their name and telephone number and assure them that after the system updates you will call them if you need to redo the transaction. Remember to follow up after the update.   User should be able to locate transaction on the E-Pay system.

MAINTAIN PAYMENT

All transactions with **future** dates are found here. .

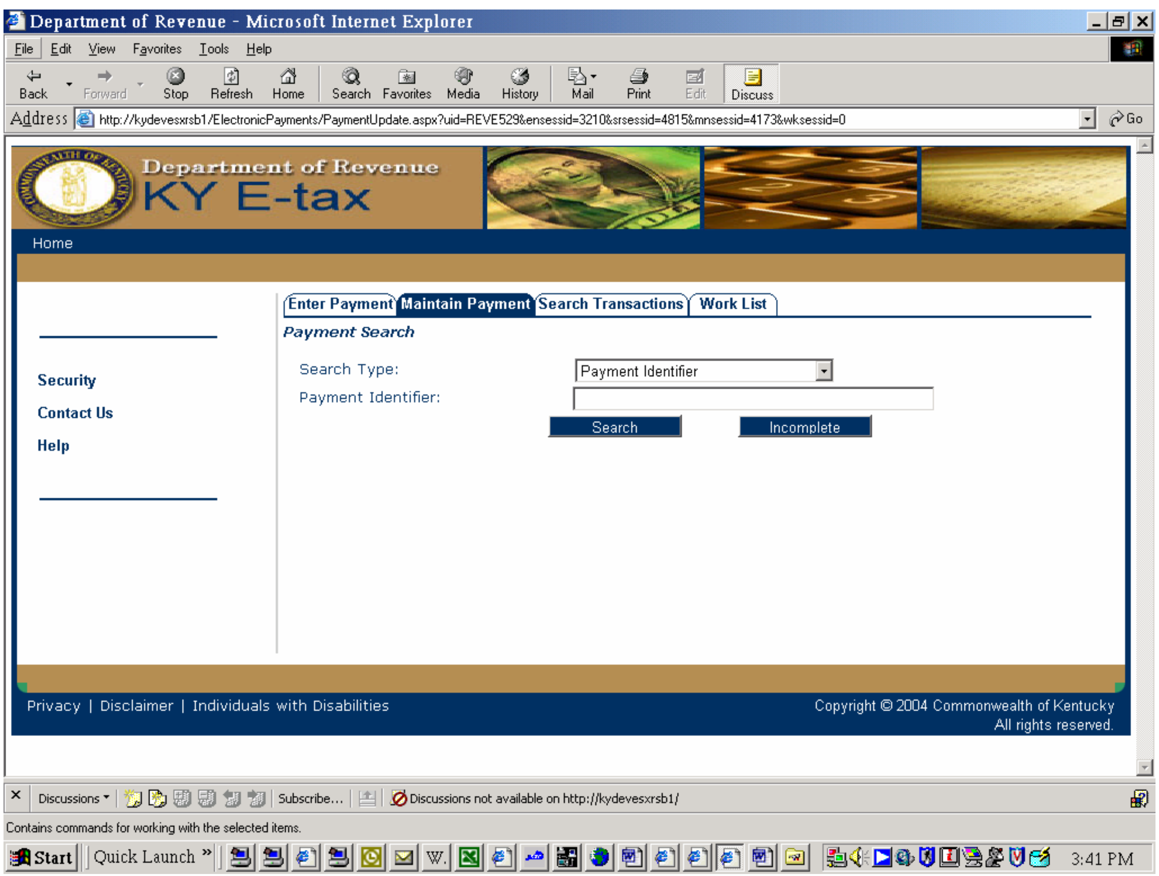
Changes can be made to payment information and payment method through the Maintain Payment screen.

Only future payments or future recurring payments can be maintenanced.

When this option is chosen, the KY E-TAX screen will provide a multiple search option:

- Payment Identifier
- Case Number
- Notice Number
- Account Number
- Name
- Effective Date

Click on one of the above to locate a transaction and click on the **Search** button. **Payments can only be located by the way they were originally entered. It may require several different options, such as by case, name or account number**.

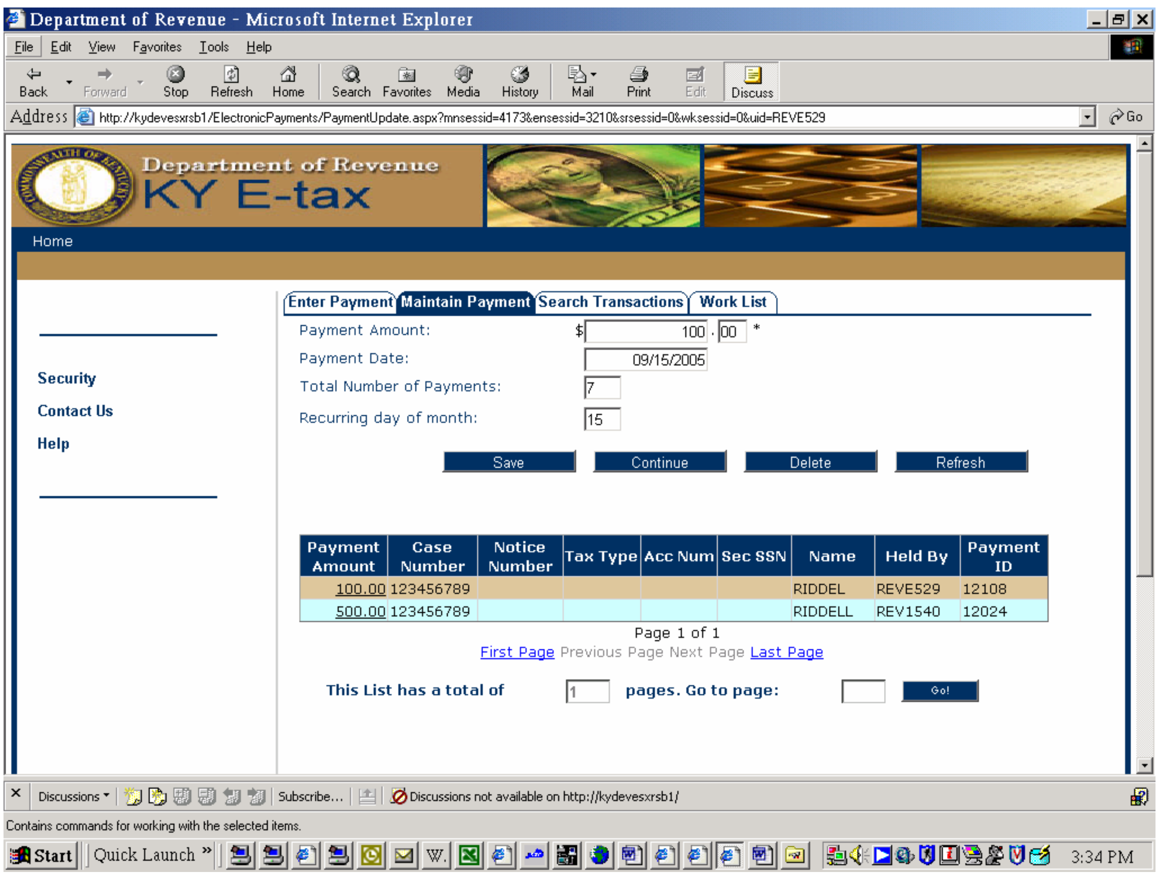


Click on **Payment Amount** to view the next page.
Payment information is displayed at the top. Changes can be made here for amount, payment date, and total number of payments or recurring day of the month.

Click **Delete** to cancel the transaction (**must click delete 2 times**) and click **Save** to keep information

When an E-Pay pay agreement is broken (i.e. recurring payment not received or returned and the default letter period has expired) the E-Pay Recurring payment must be deleted and notes written in OSCAR or CARS with details.

Click on **continue** to view the last page and to change Credit Card or E-Check. When change is complete a new Payment Identifier Number will appear. Be sure to record information in OSCAR or CARS.
ONCE YOU GO PAST THE FIRST PAGE THE CASE IS PLACED ON HOLD. TO RELEASE FROM HOLD YOU MUST HIT THE "REFRESH BUTTON" ON PAGE 2 OR CANCEL ON PAGE 3.



A transaction that is held does not **prevent** the payment from being sent to the bank or financial institute for payment. The only way to stop or change a payment is to delete or change the transaction before the payment date. The hold prevents other users from viewing.

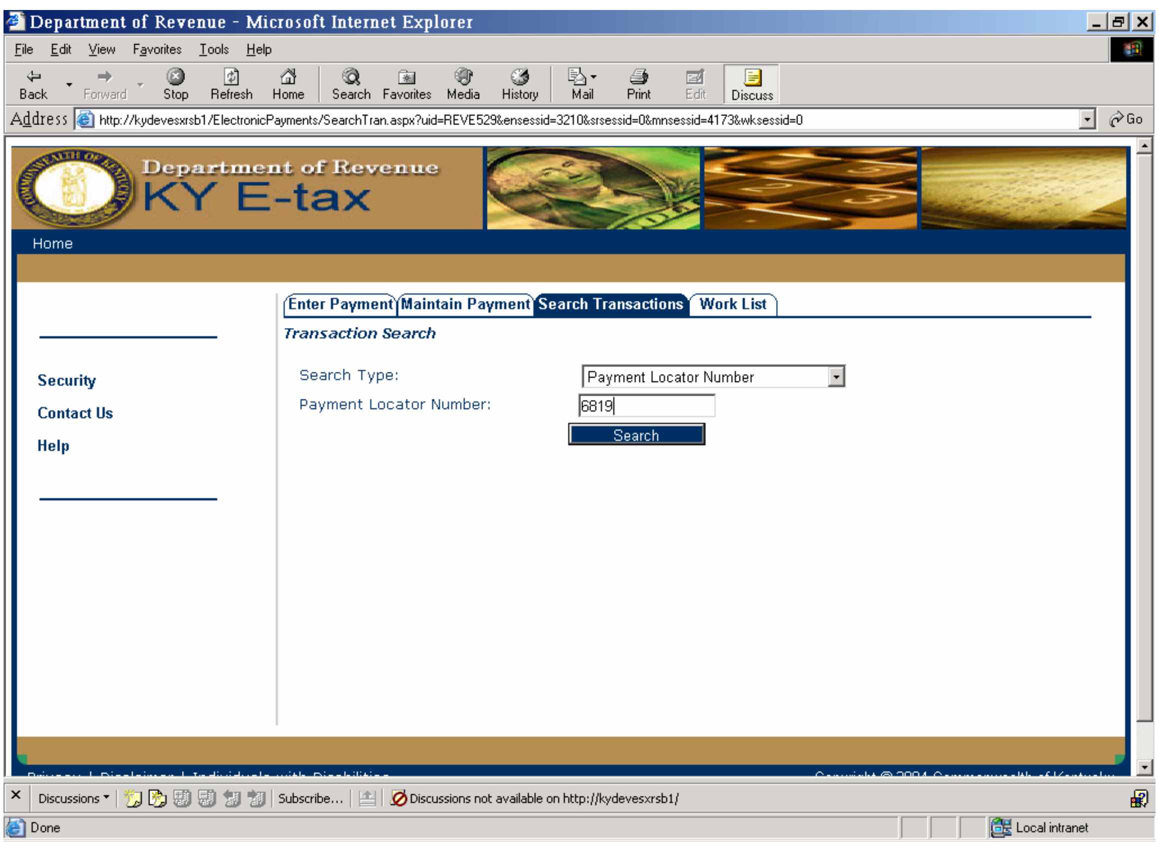
SEARCH

All transactions with **current** or **prior** dates are found here.
The **Search** button enables you to locate payments with current date and payments that occurred prior to the current date.
If payment is entered with a current date, the E-PAY system will provide the user with a Payment Locator Number (PLN), Payment Identifier Number and Authorization Code. This transaction can only be found under search transaction.

The search type also allows for various selections:

- Payment Locator Number (PLN)
- E-pay Transaction ID
- Transaction Date
- Authorization Code
- Name
- Validating Number
- Payment Identifier

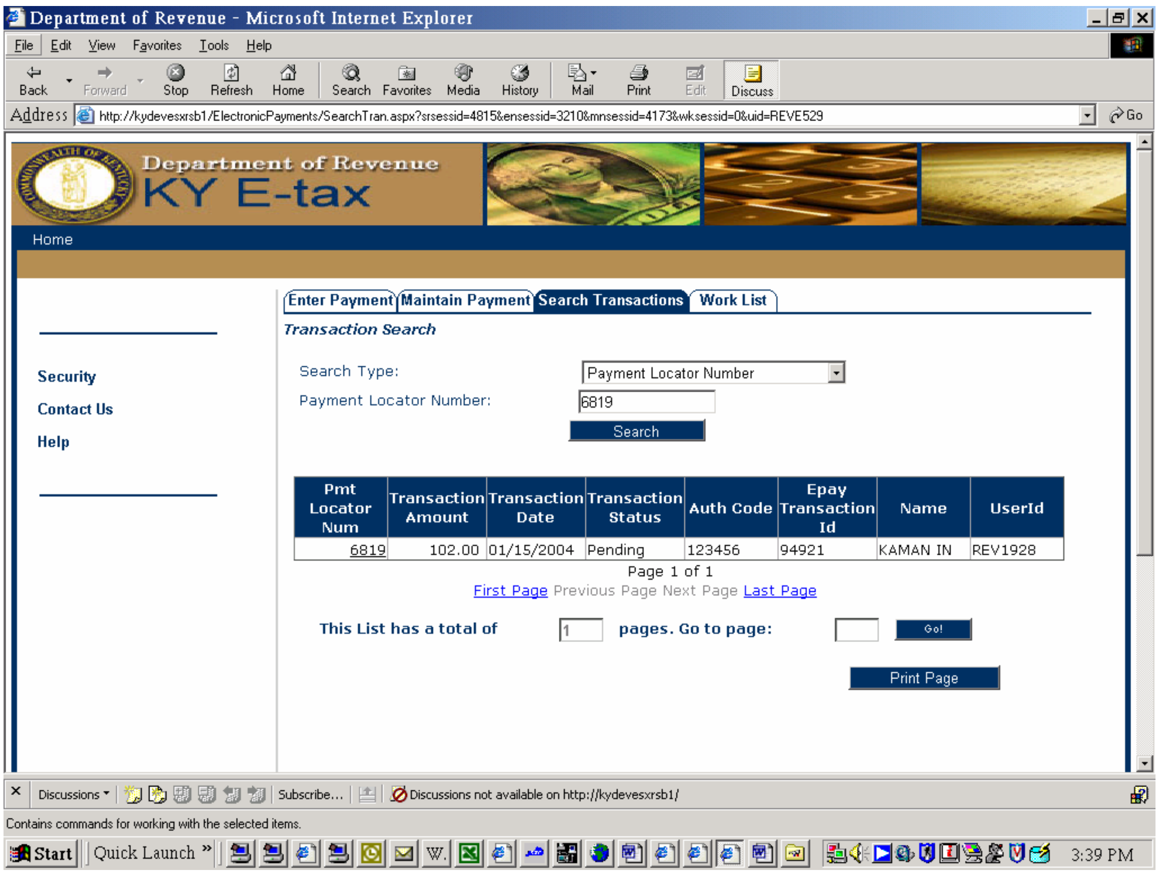
Search can not be done by case, notice number or account number.
Changes can not be made from the search transaction screen.



Search Screen

Click on **Payment Locator Number** to view the Taxpayer Demographic Information

Click on **continue** to view the Credit Card or E-Check screen and information on how the payment was submitted. An example is by case number, notice number or account number and period.



Transaction Screen in Search

Transaction Status

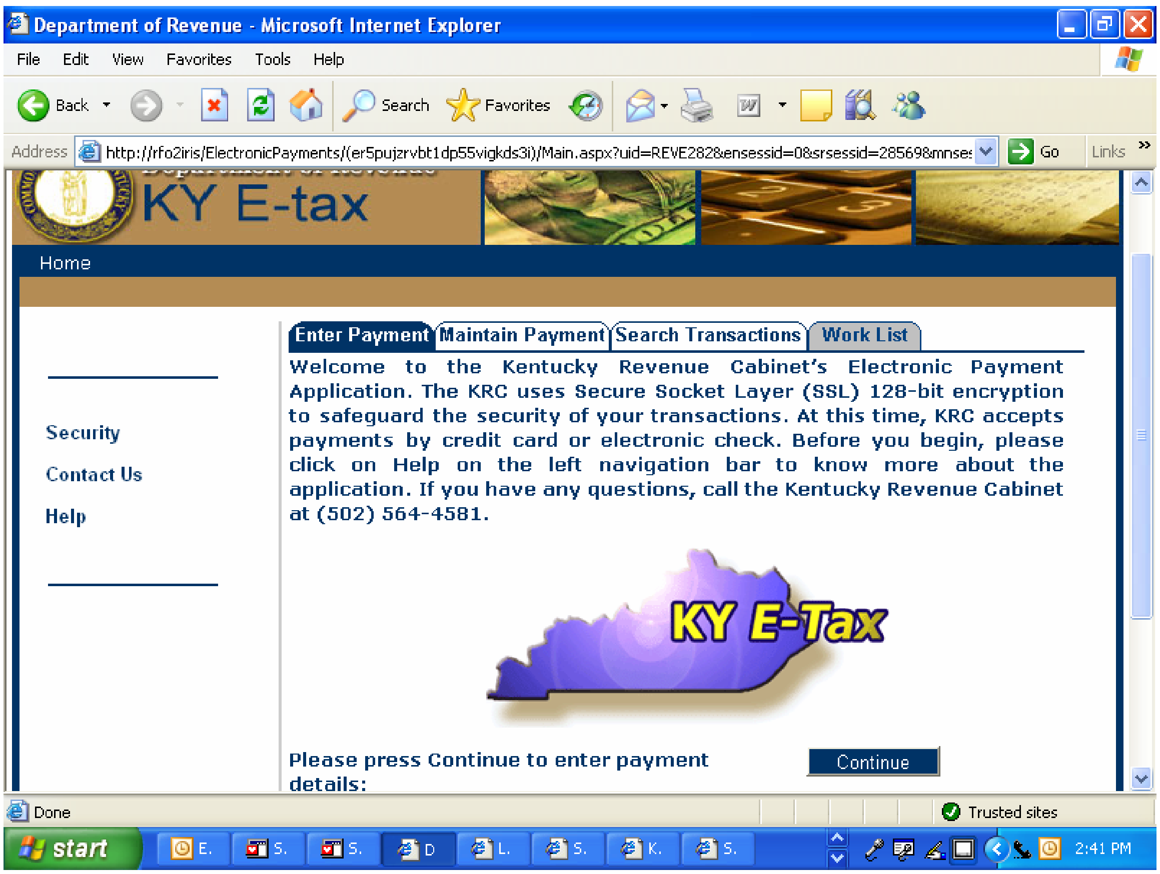
Once you have successfully entered the information in the Search Transaction, a detailed summary will appear that includes; Payment Locator Number, Transaction Amount, Transaction Date, Transaction Status, Authorization Code, E-PAY Transaction ID, Name and User ID. The definition for each **Transaction Status** follows:

- **APPROVED -** Transactions approved by the merchant. Funds are not verified on ACH debit
- **DENIED** - Transactions denied by the merchant.
- **ERROR-** Transactions that result in an error in processing.
- **REFUND-** Credit Card transaction that has received a refund.
- **INCOMPLETE-**Transaction in an incomplete status; i.e., was not submitted.
- **APPLIED-** Transactions approved and reconciled AND the payments have been posted to the bills and /or returns.
- **PENDING-** Transactions that did not receive a definite message from the merchant and is hence work-listed.
- **RECONCILED-** Approved transactions are reconciled after funds are deposited in Treasury.
- **SUBMIT-** Re- occurring payments or future payments that are ready to be submitted.
- **VOID-** Approved credit card transactions that are voided before payment is applied.

WORKLIST

The Work List is worked by designated employees. Transactions that show a pending status under the Search key are on the work list. These transactions will be approved or denied depending on the status of the transaction on the E-Pay Gateway. The E-Pay Gateway is the link between Revenue's E-Pay system and the banks and credit card companies.

The work list option will be grayed out for all other employees.



REPORTS

The Report tab is also worked by designated employees and provides various information about the Electronic Payment transactions.

Duplicate Transaction Report
This report identifies a duplicate transaction entered by a user or taxpayer. It will only identify the same tax type, same account number and same period processed on the **same** day. Once this duplicate is confirmed by DOR, the duplicate can be voided in the Gateway which will prevent duplicate payments and duplicate charges for the taxpayer.

E-Pay Error Report
This report is distributed daily by e-mail and includes electronic payments that will create an overpayment when applied. Our designated worker informs DOR Production Support by e-mail how to apply the payment. If the case is paid in full, any future payments are deleted. If there is an overpayment more than $25.00 the case will be sent for a refund.

Penultimate E-Payments Report
This report is also distributed daily by e-mail after the next to last payment has been deducted. This will only apply to recurring payments. If there will still be a balance or if the case will be paid in full after the last payment is applied, a note is recorded in the case history text. If the last payment will overpay the case, changes are made to the final payment in Maintain Payment to reflect the balance due.

Notification of Change Report
This report comes by mail from Finance and provides information of incorrect routing and/or account number. If future payments are scheduled, changes are made for the correct account/routing number. Notes are then made in the history text of the correction and the new payment identifier number.

The report option is only accessible through the **WORKLIST** tab.

TIPS

Split transactions are not allowed. For example, a taxpayer wants to pay an outstanding bill for $500.00 and wants to place $250.00 on Visa and $250.00 on E-Check. You can not do one transaction with both payment types. However, you can process 2 different transactions, one for each payment type. The result will be two Payment ID’s, PLN and Authorization Numbers.

Taxpayers can access the Internet to submit a payment for current year Individual Income Tax. The default date is the current year date and the system will not allow the user to change. However, sometimes taxpayers attempt to change the date and don’t recognize the change didn’t happen. If the taxpayer tells you they paid a prior year Individual Income Tax bill on the Internet, the payment should be on the individual income tax data base as a” G” payment for the current year. The payment will need a journal voucher to the correct year and the tax bill adjusted to reflect the journal voucher.

If the taxpayer accesses the internet to submit a payment for **ANY** type tax, after the filing season, the payment will be posted as a Sales Tax, UGRL or Telecom payment. If the tax account number used is a valid Sales Tax, UGRL or Telecom number, the payment will post to that corresponding tax data base. If the number used is **not** a valid Sales Tax, UGRL or Telecom number, the payment will post to MIXERS as a Sales Tax payment. If taxpayer doesn’t know the tax account number used or you can not locate the payment, you will need to do a SEARCH in E-PAY using Authorization Code, PLN or Transaction Date. Then you can go to the last page to see what tax account number, type tax, and/or period taxpayer entered to help you determine where payment was processed.

ELECTRONIC PAYMENT CODES

When completing maintenance of an electronic payment on a tax notice, be sure to use the appropriate codes:

CCL- credit card payment to another liability
CCP- credit card payment from another period
CCT- credit card payment from another tax
CCM-credit card payment manual-use when applying an Electronic Payment to a bill

The term credit card payment refers to Credit Card and E-Check method of payment.

The code **CCD** will be used in OSCAR history text and CARS to reflect an electronic payment applied by the system.

FAQ'S

Q. Payment is showing on E-Pay as applied but not on the bill or database, where is it?
A. Often this is due to a data entry error on payment application. Click on Payment Locator Number, on the next page click continue, on the last page view how the payment is applied.

Q. Can not locate payment with Payment Identifier.
A. Is payment date in the future? If yes, then the payment should be found using the Payment Identifier Number on Maintain Payment screen.
If not in the future, it could be a typo on Payment Identifier Number recorded.
Try other searches as name, case number, notice number or tax type and account number.

Q. Can not locate payment with case number.
A. Payment can only be located with case number if it was entered by case number. If payment was entered using notice number or tax type and account, then you can not search using case number.

Q. What information do I need to process a payment?
A. Taxpayer name, address, phone number and case, notice or tax type and account number.
For E-Check: Bank name, account number, routing number and if checking or savings.
For Credit Card: Card name, account number, expiration date, name of card holder and address for billing statement of card.

Q. Can a taxpayer use the parents credit/debit card to pay the tax notice?
A. Yes, as long as the DOR user get permission from the parent.

Q. Can the taxpayer use the business account to pay individual income tax?
A. Yes, as long as he is the owner of the business.